

MINUTES OF THE SPECIAL MEETING  
OF THE HHA WILIKINA APARTMENTS PROJECT, INC.,  
HELD AT KAUAI STATE OFFICE BUILDING  
3060 EIWA STREET, 2ND FLOOR CONFERENCE ROOM,  
ON THURSDAY, SEPTEMBER 22, 2005,  
IN THE COUNTY OF KAUAI, STATE OF HAWAII

The Board of Directors of the HHA Wilikina Apartments Project, Inc., met for a special meeting at the Kauai State Office Building, 3060 Eiwa Street, Lihue, Kauai, on Thursday, September 22, 2005 at 1:45 p.m.

ROLL CALL

The meeting was called to order by Chairman Travis O. Thompson and, on roll call, those present and absent were as follows:

PRESENT:        Director Francis L. Jung  
                     Director Charles King  
                     Designee Rick Manayan  
                     Director Linda Smith  
                     Director Charles Sted  
                     Director Travis O. Thompson  
  
                     Executive Director Stephanie Aveiro

EXCUSED:        Designee Henry Oliva

Staff Present:    Sandra Ching, Deputy Attorney General  
                     Pamela Dodson, Executive Assistant  
                     Janice Takahashi, Chief Planner  
                     Darren Ueki, Finance Manager  
                     Michael Hee, Contracts Section Administrator  
                     Stan Fujimoto, Project Manager  
                     Shirley Higa, Board Secretary

The Chairman declared a quorum present.

QUORUM

Staff's recommendation was presented as follows:

Staff recommends that the Board of Directors of the HHA Wilikina Apartments Project Inc. approve the marketing of the Wilikina Apartments for sale with the following conditions:

Director King moved, seconded by Director Sted

That staff's recommendation be approved.

Contracts Section Administrator Michael Hee explained that the Hawaii Housing Authority (HHA) purchased the 119 units in 1993 for approximately \$7.483 million in state CIP funds and assumed the \$3.148 million mortgage. The purchase price included \$165 million in residual receipts.

The purchase was to ensure that the project remain as an affordable housing and continuation of the HUD Section 8 subsidy program. At that time the future of Section 8 subsidy was uncertain as owners were restricted to providing the affordable rents for 20 years. Thereafter the owners were allowed to charge market rents.

APPROVAL  
TO  
MARKET  
THE  
WILIKINA  
APART-  
MENTS  
(TMK  
7-3-09:03)  
LOCATED  
IN  
WAHIAWA,  
OAHU  
FOR  
SALE

Due to water infiltration, the exterior of the building requires extensive repair work. Estimates for this work range from \$4 million to as much as \$6 million. Interior repair work is also planned. The project has approximately \$6 million in cash and reserves that could be used for the renovations.

Director Sted asked if the funds received after the sale of the Corporation's sole asset, and should the Corporation be dissolved, would the funds be used for other housing programs.

The Chair noted that a main concern is that there is \$6 million available in the reserves that can be used only for this project. Additional funds will be necessary should the renovation work be done. A private owner may be able to do the work in a more economical fashion. The project currently has approximately 25% vacancies. The intent of the sale is to be able to return the funds to HCDCH.

Director Sted commented that a project plan should be developed.

Director King asked if the funds would be deposited with the Rental Housing Trust Fund, DURF or any other fund other than the General funds.

Finance Branch Manager Darren Ueki stated that staff has not been discussing any specific details, however, it would need to research the CIP funds that was originally used to purchase the project.

Chairman Thompson stated that the For Action is intended to allow staff to develop a plan in the general direction of a sale. The benefits of the sale would be retention of the units in affordable housing and be able to get the cash out of the project.

Director Smith commented that the relatively low interest rates and the current real estate market gives the proposed plan to sell the project a sense of urgency to act quickly. Mr. Hee said that there are several companies nationally who specialize in this area and strive to maintain their affordability. An appraisal will need to be done in order that the value can be established.

Executive Director Stephanie Aveiro stated that staff would do the preliminary research by checking with HUD, Budget and Finance, Attorney General's Office and private entities that are involved in this type of real estate.

Director Smith commented that deadlines should be set to not only take advantage of the real estate market but more importantly, for the residents who have to reside under the current condition of the building.

The Chair asked if staff would be able to provide a plan by the following month when HCDCH meets for its Board meeting. Ms. Aveiro stated that a plan could be developed by that time.

There being no further discussion, the motion was unanimously carried.

Director Jung moved, seconded by Director King

ADJOURN-  
MENT

That the meeting be adjourned at 2:00 p.m.

The motion was unanimously carried.

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LINDA SMITH  
Secretary

Approved: